

BEFORE THE TENNESSEE REGULATORY AUTHORITY

AT NASHVILLE, TENNESSEE

MARCH 23, 2001

IN RE:)	
)	
APPLICATION OF BLT)	
TECHNOLOGIES, INC., TOUCH 1 LONG)	DOCKET NO. 00-01018
DISTANCE, INC., AND MCI WORLDCOM)	
COMMUNICATIONS, INC. FOR)	
AUTHORITY TO REORGANIZE AND)	
FOR RELATED TRANSACTIONS)	

INITIAL ORDER APPROVING MERGER

This matter came before the Tennessee Regulatory Authority (the "Authority") upon the Application ("the Application") of MCI WorldCom Communications, Inc. ("MCI"), BLT Technologies, Inc. ("BLT"), and Touch 1 Long Distance, Inc. ("Touch 1") (collectively the "Applicants"), for approval, pursuant to Tenn. Code Ann. § 65-4-112, of a merger of BLT and Touch 1 with and into MCI. The Application was filed on November 8, 2000.

The Application

The Application states that the three Applicants are all operating subsidiaries of WorldCom, Inc. ("WorldCom"), a Georgia corporation with principal offices located in Clinton, Mississippi whose operating subsidiaries are authorized to provide telecommunications services in fifty (50) states, including Tennessee. The Application further states that MCI is a Delaware corporation providing interexchange service and, in many states, local service to end-users. BLT is a Washington corporation which operates primarily as a provider of prepaid calling cards in forty-nine (49) states, including Tennessee. Touch 1 is an Alabama corporation which operates as a reseller of interexchange services in forty-seven (47) states, including Tennessee. Therefore, as set forth in the Application, this transaction will involve the merger of two direct subsidiaries

of WorldCom, BLT and Touch 1, with and into MCI, which is an indirect subsidiary of WorldCom.

The Application states that the merger will allow WorldCom to operate more efficiently and effectively by eliminating a number of redundant administrative functions. In addition, merging Touch 1 into MCI will provide Touch 1's customers access to calling plans currently unavailable through Touch 1. According to the Application, the proposed merger will have no material adverse impact on consumers in Tennessee. Interexchange service and prepaid calling services will continue to be provided over the same transmission facilities and infrastructure MCI is currently using, and customer service will continue to be provided by the same teams of consumer representatives.

The Application further states that Touch 1 customers will be given appropriate, actual notice of the change in the name of their telecommunications services provider, enabling such customers to choose another carrier than MCI.¹ Residential customers using Touch 1 toll free services will be issued new numbers and personal identification numbers in order to ensure a smooth transition and uninterrupted toll-free services.

Requirement of Approval by the Authority

Authority approval of a merger involving public utilities that hold certificates of public convenience and necessity is required under Tenn. Code Ann. § 65-4-112(a), which provides as follows:

No lease of its property, rights, or franchises, by any such public utility, and no merger or consolidation of its property, rights, and franchises by any such public utility with the property, rights and franchises of any other such public utility of like character shall be valid until approved by the authority, even though power to take such action has been conferred on such public utility by the state of Tennessee or by any political subdivision of the state.

¹ If this customer transfer requires the submission to Touch 1 customers' primary local exchange carriers of a change order requesting a change in the customers' preferred long distance carrier, the Authority's rules governing such change orders must be followed. These rules are enumerated in Tennessee Regulatory Authority Rule 1220-4-2-.56, Verification of Orders for Changes of Long Distance Carriers.

Findings

After careful consideration of the Application and of the entire record in this matter, the Hearing Officer finds and concludes:

1. That the Authority has jurisdiction over the Application pursuant to Tenn. Code Ann. § 65-4-112;
2. That a merger of BLT and Touch 1 with and into MCI will be consummated through an internal reorganization;
3. That MCI, BLT, and Touch 1 are authorized to provide telecommunications services in Tennessee;
4. That the entire assets of BLT and Touch 1 will be transferred to MCI; and
5. That the proposed merger is reasonable, does not violate the public interest, and should be approved.

IT IS THEREFORE ORDERED THAT:

1. The merger of BLT Technologies, Inc. and Touch 1 Long Distance, Inc. with and into MCI WorldCom Communications, Inc. is approved;
2. MCI WorldCom Communications, Inc. is authorized to assume the obligations and liabilities of BLT Technologies, Inc. and Touch 1 Long Distance, Inc. in order to effect this merger;
3. The certificates of public convenience and necessity granted to BLT Technologies, Inc. and Touch 1 Long Distance, Inc. shall be cancelled when notification of the completed merger is provided to the Tennessee Regulatory Authority;
4. Any party aggrieved by this decision may file a Petition for Reconsideration with the Hearing Officer within fifteen (15) days from and after the date of this Initial Order; and

5. Any party aggrieved by the decision of the Hearing Officer in this matter may file a Petition for Appeal pursuant to Tenn. Code Ann. § 4-5-315 with the Tennessee Regulatory Authority within fifteen (15) days from and after the date of this Initial Order. If the Tennessee Regulatory Authority or any of the parties herein do not seek review of this Initial Order within the time prescribed by Tenn. Code Ann. § 4-5-315, this Initial Order shall become a Final Order effective from the date of this Initial Order, pursuant to Tenn. Code Ann. § 4-5-318(f).

A handwritten signature in black ink, appearing to read "K. David Waddell", written over a horizontal line.

K. David Waddell, Hearing Officer